

# Fact Sheet

## CORPORATE GOVERNANCE

**California Public Employees' Retirement System • 400 Q Street • Sacramento, California 95814**

### **CalPERS 2006 Focus List Company At-A-Glance**

**Mellon Financial (MEL)** – Pittsburgh, Pennsylvania

**CalPERS' Holdings:** 2.29 million shares (0.55% of outstanding shares)

Total Return Performance for Selected Periods Ending 03/31/06

<b>Time Period Ended 3/31/2006</b>	<b>Mellon Financial Corp (MEL)</b>	<b>S&amp;P 500 Index</b>	<b>Capital Markets S&amp;P Industry Peer Index*</b>
5 years	-2.14%	21.46%	57.95%
3 years	79.80%	61.05%	102.79%
1 year	27.98%	11.72%	37.27%

Source: FactSet

### **The Problems:**

- Mellon's stock has underperformed relative to its industry peer group over the 1, 3, and 5 year time period ending March 31st.
- Excessive takeover defenses – Mellon currently has a classified board structure, 75% supermajority requirements to amend key portions of the bylaws, and a poison pill that is not shareowner approved.
- No majority voting for directors.
- Total severance benefits in the event of a change in control will exceed 2.99 times the sum of the officer's base salary plus target bonus.
- Mellon would not permit an independent director to meet with CalPERS staff.

### **CalPERS 2006 Shareowner Proposal:**

CalPERS seeks to remove the 75% supermajority requirements necessary to amend key portions of the company's bylaws. CalPERS believes that a majority of shareowner votes should be required to amend the company's bylaws.